Thompson v. Commissioner, 78 T. C. 558 (1982)

A document lacking sufficient tax information does not constitute a valid return, and taxpayers cannot elect joint filing after receiving deficiency notices based on separate filing rates.

Summary

In Thompson v. Commissioner, the Thompsons filed tax forms for 1976-1978, claiming joint filing status but only entering 'Object: Self-incrimination' or 'None' for income details. The IRS assessed deficiencies using separate filing rates, arguing the forms were not valid returns. The Tax Court agreed, ruling the documents did not meet the legal definition of a return due to insufficient information. Furthermore, the court held the Thompsons could not later elect joint filing after receiving deficiency notices, and upheld additional taxes for failure to file and negligence.

Facts

Joan and Gene Thompson filed tax forms for 1976-1978, designating their filing status as married filing jointly and claiming three exemptions. For 1976, they used Form 1040, entering $1,185. 04 as withheld taxes but leaving other entries blank or marked 'Object: Self-incrimination' or 'None. ' For 1977 and 1978, they filed Form 1040A similarly, with attachments asserting constitutional objections to taxation. Gene earned income from AFCO Industries and Morace Advertising in 1976, and solely from Morace in 1977 and 1978. The IRS issued separate deficiency notices to each spouse based on separate filing rates.

Procedural History

The Thompsons filed petitions with the U. S. Tax Court challenging the IRS's deficiency determinations. The court consolidated the cases and heard arguments on whether the filed forms constituted valid returns and if the Thompsons could elect joint filing status after receiving the deficiency notices.

Issue(s)

1. Whether the documents filed by the Thompsons for 1976, 1977, and 1978 constitute valid tax returns.
2. Whether the Thompsons are entitled to elect joint filing status for 1976, 1977, and 1978 after receiving deficiency notices based on separate filing rates.

Holding

1. No, because the documents did not contain sufficient information to compute the Thompsons' tax liability.
2. No, because under Sec. 6013(b)(2)(C), the Thompsons could not elect joint filing

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after receiving deficiency notices based on separate filing rates and timely filing petitions with the Tax Court.

Court's Reasoning

The court applied the principle that a valid tax return must contain enough information for the IRS to compute and assess tax liability. The Thompsons' forms, lacking income and deduction details, failed to meet this standard. The court cited cases like Reiff v. Commissioner and Conforte v. Commissioner to support this view. On the joint filing issue, the court relied on Sec. 6013(b)(2)(C) and cases like Durovic v. Commissioner, emphasizing that the Thompsons' opportunity to elect joint filing was lost once deficiency notices were issued and petitions filed. The court also rejected the Thompsons' Fifth Amendment argument, stating that a blanket assertion of the privilege does not excuse filing a proper return. Finally, the court upheld additional taxes under Secs. 6651(a) and 6653(a) due to the Thompsons' failure to file valid returns and their negligence in not seeking proper legal advice.

Practical Implications

Thompson v. Commissioner clarifies that 'protest returns' lacking substantive tax information are not valid, impacting how taxpayers and practitioners approach filing obligations. Practitioners must ensure clients file complete returns to avoid similar outcomes. The decision also affects how the IRS handles deficiency notices, reinforcing that taxpayers cannot elect joint filing post-notice. This case may deter tax protesters from using similar tactics, as it upholds penalties for failure to file and negligence. Subsequent cases like McCoy v. Commissioner have applied this ruling, emphasizing the need for complete returns and timely filing decisions.

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